

THE REDEVELOPMENT COMMISSION OF THE CITY OF BLOOMINGTON, INDIANA, met on Monday, November 4, 2013 at 5:00 p.m. in the Showers City Hall, McCloskey Room, 401 North Morton Street, with President David Walter presiding

I. ROLL CALL

Commissioners Present: David Walter, Elizabeth Kehoe, Mike Gentile, John West and Kelly Smith

Commissioners Absent: Michael Szakaly

Staff Present: Lisa Abbott, Doris Sims, Christina Finley, and Janet Roberts

Others (s) Present: Dave Williams, Mick Renneisen, Sue West, Susan Failey, Jason Carnes, Randy Cassady and Tamby Cassady

II. READING OF THE MINUTES – John West mad a motion to accept the July 8, 2013, August 5, 2013 and October 7, 2013 minutes. Mike Gentile seconded the motion. The board unanimously approved.

III. EXAMINATION OF CLAIMS – John West made a motion to approve the claims for October 11, 2013 for \$228,442.00 and October 25, 2013 for \$395,272.26. Mike Gentile seconded the motion. The board unanimously approved.

IV. REPORT OF OFFICERS AND COMMITTEES

A. Director's Report. Lisa Abbott and Doris Sims will be attending a CPD (Community Planning Development) meeting on November 7, 2013 to specifically learn about the new HOME regulations. Any changes that need to be made in regards to the new regulations will be brought to the RDC commission. Abbott reported working with the NRP group on a low-income housing tax credit application for the redevelopment of 3000 S. Walnut Street. The Miller-Valentine Senior Apartment project is being closed out and is also a low-income housing tax credit project. Five owner-occupied rehab applications have been received as a result of the October open house. The CAC organizational meeting is November 18, 2013. John West asked if the NRP application has anything to do with the RDC. The HAND department has given the NRP group a commitment for HOME funds. The City agreed to some improvements of the area which will probably be funded with CDBG money. Improvements include sidewalks, curbing, and storm waters in that area. If the the low-income tax credit is not received the project will not happen. This is the second year they have applied; they missed it by five points last time.

V. UNFINISHED BUSINESS

None.

VI. NEW BUSINESS

A. RESOLUTION 13-30: Request to approve expenditure from Thomson TIF for purchase of land from Triple C Corporation. Renneisen stated over a year ago the Master Plan for the Switchyard Park was brought to the RDC. During the meeting there was discussion of properties that we didn't own which had foot prints showing how we would like to utilize them if acquired. Triple C property is 6.79 acres contiguous to the rail trail that we own. The property is valuable because it would accommodate thousands of people that would come to events in the Park. It is important to have room for parking and access from the west side of the community. The Master Plan indicated this was the best site to acquire if possible. Albert Clemons and his wife are owners of the Triple C Corporation. Over the course of the past year we have come to an acceptable price to the seller. The selling price is above average of the two appraisals. The two appraisals were vastly different. One appraisal was \$1,600,000.00 and the other one was \$1,000,000.00, clearly there were two very different ideas of what the property was worth. The accepted offer from the seller was \$1,406,250.00. The City will not be paying any relocation fees. The site currently has several trailers, three pole barn type buildings, and a building used for office space and storage by the owner. All of the trailers will be removed from the site by the owner. Bloomingfoods rents one of the larger buildings and Baugh Enterprises who has operated for more than 10 years on site is in the other building. The owner uses one building for hobbies and storage of vehicles. There is also a house that is part of the property. The house is currently vacant. We have meetings later this week with Bloomingfoods and Baugh Enterprises to see if they want to continue to rent from us. We do not anticipate developing the site in the next couple years and will probably enter into year long leases with some termination clauses that would allow either party to get out with standard

tenant lease arrangements. We would like to collect revenue from existing sources and possibly rent some of the other buildings in the interim. The money would be deposited into a non-reverting fund to pay for managing or maintenance expenses. Any surplus would be used to help develop the site for the Switchyard Park when that time comes. The Parks department has experience in tenant relations and hopes to be able to use that experience to continue with the two tenants and attract a few more for some short term revenue stream. They have managed the Buskirk Chumley Theater for six or seven years now and also lease the Project School Building.

Susan Failey stated there is an accepted offer with the sellers. However, it is contingent on a number of items. The environmental assessment is currently being done. The purchase is contingent upon reaching satisfactory agreements with the tenants. Also, some of the typical contingencies like title work and surveys. The survey is in the process of being done. Today's request is to approve the funding amount with an aim towards closing by the end of the year. There will be updates at the December meeting regarding progress on the contingency factors and where we are in regards to closing.

John West asked for the current balance of the Thomson TIF. Abbott stated there is about 2.1 million. He asked how much revenue the TIF generates annually. Sue West stated we will be receiving an additional \$200,000 annually in revenue due to the corrected parcel numbers from the county auditors. Abbott stated the annual income so far has been 1.3 million dollars. However, the December payment for 2012 came in January 2013 so with the additional \$200,000, there is an anticipated amount of 1.5 million annually.

John West asked if there is any historical value in any of the buildings. Renneisen stated there is not. John West had a few points he wanted to discuss. One concern was management which Renneisen already addressed. He doesn't think the City should buy property and keep it in hopes we will do something with it. It ties up a lot of tax payer revenue. He had the opportunity to look at the appraisals and they are strangely apart from one another. He independently came up with a value of 1.4 million and is comfortable with the value but is concerned with using a large amount of TIF funds and not having enough funding if another large project comes in.

Abbott informed the commission she will be bringing TIF budgets to the meetings in the near future. The Mayor has made it clear he has two major projects he wants worked on. One of those is the Switchyard Park and the other is the CTP. She stated there might be other things that come in but those two projects will probably take precedence. Renneisen agreed. John West asked if we would begin to see some activity on Switchyard Park in 2014. Renneisen explained this is a multiple phase project and can not tell exactly what will happen in 2014; however this gets us closer to our goal. Williams stated they have an EPA assessment grant that is shared with the CTP. It is for more environmental analysis and a work plan on how to remediate the property. Sue West stated there is other bonding capacity that expires in 2016 and 2017 and believes the big plan will include all of those sources of revenue. Renneisen stated just for frame of reference, the B-Line Trail project started similar to this project; buy land when it is available; start the process of examining all of the potential remediation; go to the funding sources; do your design process and construct. The B-Line was a seven year project.

John West asked Susan Failey to comment specifically to the offer. Failey stated the conditions of the offer state no encroachments outside the boundaries of the property; we must be able to get a satisfactory title offer, which they have already provided. We have the opportunity to do any environmental reviews we feel are appropriate. The seller must represent and warrant they have clear title. The seller must give us the right to inspect the property up to the closing date which will include environmental reviews and building inspections. The seller is responsible for recording the Indiana Responsible Transfer Law document or provides proof they are not required to have it recorded. The real estate taxes are going to be pro-rated as of the date of closing. Bledsoe Riggert and Tapp are in the process of doing a survey and we should receive it before closing. Meetings are set up with the two tenants that are currently on site, Baugh Enterprises and Bloomingfoods. They have been renting month to month with no written leases up to this point. We want to find out in more detail what the terms of their current agreements are and have an agreement in writing with a definite time period. John West asked how much revenue the rentals generated. Baugh Enterprises currently pays \$3,300 per month Bloomingfoods pays \$900 per month. Risk of loss is on the seller up until date of closing. Closing will take place by the end of 2013.

Mr. Clemens operates a portable storage container business and needs a longer period of time to remove all of the trailers. The offer contains the provision that he can continue to use the site for purposes of closing out his business and removing the storage containers until June 30th 2014. The containers will have to be moved one at a time. He was concerned he would not have enough time to work with the renters and have their belongings removed. We are also agreeing he can continue to use building #3 for office space to close out his business. If he is not able to meet the June 30th 2014

deadline we have an automatic rent provision at the rate of \$900 per month. If it is only a fraction of the month it will be pro-rated. Mr. Clemens will also provide proof of insurance.

Sue West stated a portion of the payment to Mr. Clemens will be paid before the end of the year and the balance when he is completely moved from the property. There is \$1,000,000.00 payable at closing and the balance of \$406,250.00 within 30 days after everything has been removed. Two additional payments will be received from the County before the final payment is due. There will be a walk-through before final payment is released. The site is completely fenced. Mike Gentile made a motion to accept Resolution 13-30. Elizabeth seconded the motion. The board unanimously approved.

B. RESOLUTION 13-34: Regarding disposal of real estate at 301 W. Coolidge Drive. Doris Sims stated seven years ago the commission acquired two properties that had two houses on them, 303 Coolidge and 2404 Bryan. One house is located on Bryan Street and the other on Coolidge. The way the lot was configured the Coolidge drive-way is on the Bryan Street property. There is a shed we thought was with the Coolidge house but actually was part of the Bryan Street house. The department went back and re-configured the lots to create three buildable lots on the property. Two of the lots have existing houses and the small corner lot was created in hopes to build a small affordable house. That has not materialized so now we are coming to the commission asking to dispose of the corner lot. The Bryan Street house is currently for sale.

Failey stated there are several different provisions that allow for different methods for disposing of a property. The method we are using allows adjoining property owners to have first opportunity to purchase a parcel. If none of the adjoining owners makes an offer, after 30 days the commission can sell it to anyone that made an offer. The small lot appraised at \$12,000 which would be the offering price. If the commission approves this resolution a legal ad will be published because the statute requires it. Offers will be accepted and we will set up an offering sheet and bring it to the commission at the December meeting. If no offers are received, listing it with a realtor might be a good idea. Abbott stated there are no federal funds in the subdivided property so we do not have to worry about any federal guidelines. John West asked what role the \$12,000 plays. It is the minimum offering price. Failey explained after the 30 days has passed you can accept lower than \$12,000. West asked how long the adjacent property owners have to decide. Everyone has the same amount of time to make their offer. If the adjoining land owner makes an offer, they get first consideration.

West asked Abbott if she had any conversations with Planning regarding possible building. She has spoken with Planning and it is possible but very difficult. John West asked if the City can put a for-sale sign in the yard. Failey will check into it. John West made a motion to approve Resolution 13-34. Mike Gentile seconded the motion. The board unanimously approved.

GENERAL DISCUSSION

A. CTP update. Jason Carnes began the update on the acquisition of 619 N Morton Street. The completed phase 2 environmental assessment report has been received from Fields Environmental. The original offer to purchase was accepted by the property owner contingent on the environmental and other due diligence and hopes to close by the end of the year. This will also need to come to the commission for approval. West asked about the outcome of the environmental. Failey stated there is one spot in one corner with a slightly elevated level. The report was just received last week and John Langley will look at it. He has the report. Langley told Failey verbally that he did not think it was a problem and will get back with more information. The purchase price is \$227,500. West commented that generally if there is any environmental concern, it either gets fixed or the price is re-negotiated to reflect the fact that there is an environmental concern. Failey stated they are not at that point yet but is something to keep under consideration.

Jason Carnes reported on the Showers Administration building, the associated lease to the parking lot north of it, and the acquisition of the Solution Tree Parking lot for Central Green. The state law requires two independent appraisals for properties that are intended for lease or sale that we acquire. We have received one of the appraisals and hope to receive the second within the next week. Legal is working on the offering sheet. We will consider a land swap for compensation for the building. The hope is to have the offering sheet at the first December RDC meeting.

Carnes reported evaluating legal services proposed by Ice Miller who was recommended by our consultant Gordon Hendry of CBRE. The City has worked with Ice Miller on previous economic development projects and has a positive working relationship with them. They have a lot of experience developing redevelopment project financing structures, legal covenants and restrictions and possibly historic properties. We are discussing terms to insure a defined scope that compliments

and does not duplicate our relationship with CBRE and anticipate bringing something for your approval to the December RDC meeting. Failey stated she is strongly in favor of working with Ice Miller. Phil Bayt who is the managing partner with Ice Miller has worked with several of the Indianapolis Tech Parks and also done projects in other cities around Indiana. Margie Rice, Corporation Council is very interested in keeping track on how the fee structure is going to work and figure out a way to maximize our ability so we don't pay for things we could be doing ourselves, yet we have their expertise for things beyond our capability.

John West asked why Kostas, our current TIF attorney, is not being used. Failey stated he is very good with TIF issues. Ice Miller has the real estate and CTP experience we want and we have a long history with Ice Miller. They helped us purchase the B-Line Trail. Sue West stated Kostas is great at setting up TIF's and Phil Bayt specializes in real estate.

Carnes reported continued work with Engineering on drawing up specs and bid documents for the demolition of the IU Food Services building. Fields Environmental has provided necessary environmental consideration such as asbestos and other environmental concerns. We are further focusing on salvage re-use and or recycling as much of the equipment, parts and material as possible. Green demo would also include fair wages so we are working with the legal department to make sure we include those requirements in the bid documents. We are getting advice from CBRE on IDEM Rule 5 implications both as they apply in this particular project and larger redevelopment projects. It is possible we could bring a selected bid response to the RDC in December or January. John West asked what Rule 5 is. David Walter stated Rule 5 is if you disturb more than one acre of ground then you have to put together an erosion control plan. CBRE and staff are recommending a complete demo.

There have been two really good meetings with the department heads and city staff regarding phase I in regards to getting their input, recommendations and helping set priorities. Carnes stated that they are trying to do as much research as possible on district energy and are looking at different relationships with experts in the country that could help make it possible. We have had conversations with the new Lugar Center on renewable energy, the Rocky Mountain Institute, and Eco-Districts target community and will continue to work with them.

Abbott stated that one of the recommendations of Gordon Hendry was to have a master developer. They would put out an RFQ to get one developer who would develop all of the pieces. There is not currently a draft. The Central Green Space could be an area that we parcel out. There is a possibility we will need survey done for the entire 12 acres. If so, we will bring that request to the RDC in December.

Carnes asked if any of the commissioners who attended the speak-easy had any comments. Kehoe thought both models were completely different and did not look self-sufficient. It seems they need a lot of funding to survive. She felt it was a great trip and interesting. John West thought the concept had some value. However, he agrees it is not sustainable financially. Walter stated it reminded him of an internet café except with a membership fee.

Sue West, City Controller, gave an update on discussions with Monroe County regarding the TIFs. She stated the county established the Westside TIF in February of 1993. The City, at the request of the developers, Whitehall Crossing and Curry Industrial Park, annexed part of their areas and had an overlap of three parcels. The City and County entered into an agreement that protected the County, Westside TIF and those annexed parcels and still allowed the city to be reimbursed for those improvements. The agreement was signed by the redevelopment commission in 1998. The auditor was supposed to make a manual calculation subtracting out those three parcels before they generated their money to the City. That did not happen. This was discovered early in the year when we were working on TIF parcels. The amount the County believes it is owed has gone from 1.4 million to 1 million. A spreadsheet from the Auditor was received showing the 1 million owed. At that time we discovered we had been shorted our June, 2012 payment, which means another another \$150,000 should be deducted. The only documentation is a spreadsheet from the auditor that goes from 2009 to 2012. There is no documentation by parcel or any explanation on how they did the calculation. There has been no formal request through the legal department for repayment. We have legal and financial considerations. Sue West and Margie Rice will continue to work with the county for a solution. It may be that the county cannot satisfy our requirements for documentation of the amount owed and they might ask us to consider a joint project that we would pay for which would satisfy the debt owed.

This is the first year state law has required the auditor to provide a parcel by parcel list that details all of our payments. 2013 was the first one we received. We mapped them through our GIS system and highlighted the parcels we show as TIF's that the auditor is not showing as a TIF. The biggest

| discrepancy is Smallwood. It was not included in the Downtown TIF. CFC was also not included in the Downtown TIF. Those errors cost the TIF district about a half million dollars a year. Because the tax payers were billed incorrectly we can not go back and ask for it. That will be corrected for next year. We are looking at about 1 million more a year in the Downtown TIF.

We received two notice of public hearing. The RDC owns right-of-way as an adjacent property at Springhill Suites by Marriott, 501 N. College and 701 S. Liberty Drive.

ADJOURNMENT: John West made a motion to adjourn. Elizabeth Kehoe seconded the motion. The meeting adjourned at 6:35 p.m.